8230/74

Approved For Release
2009/09/29 : [redacted]
CIA-RDP85T00875R00150015
[redacted]

25X1

Secret

Economic Intelligence Weekly

Secret

CIA No. 8230/74
27 November 1974

Copy № 205

Approved For Release 2009/09/29 : CIA-RDP85T00875R001500150051-0

Page Denied

[redacted] 25X1

ECONOMIC INTELLIGENCE WEEKLY

27 November 1974

Developed Countries: Meager Expansionary Efforts 3

Canada: Economic Slowdown Arrives 7

[redacted] 8 25X6

World Auto Industry on Downgrade 10

South Asian Grain Situation: Poor Prospects 11

USSR: Blue-Chips Financial Status 13

Notes, Publication of Interest, Statistics

Overview

Concern About Inflation has kept major countries from doing much to spur economic recovery. As sales continue to drop and unemployment grows, mounting political pressures probably will bring hard action by early 1975. Canada already is moving to maintain employment, at the expense of fighting inflation. Several smaller countries also have embarked on expansionary programs, with Australia, the Netherlands, New Zealand, and South Korea in the vanguard.

The Current Account Deficits of OECD Countries in 1975 will match the $40 billion total of 1974. This estimate, by the OECD Secretariat, assumes that the expansion of sales to oil producing nations will offset the decline in exports to non-oil LDCs. The Secretariat foresees an appreciable improvement in the current account balance of Japan, a continued large West German surplus, and a considerable worsening for the United States and the smaller OECD countries.

The First Followup Meeting to the World Food Conference will be held in Rome on 29 November under FAO auspices. Discussion will center on the immediate grain needs and financing problems of the larger grain importers, particularly south Asian countries. Major grain exporters, including the United States, will participate.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. They may be directed [redacted] 25X1

World Grain Supplies continue to tighten, especially wheat. The most recent setback occurred in Argentina, where drought has lowered the crop by at least 10%. Neighboring countries dependent on Argentine wheat may have to look to the United States (as occurred last year) or to other sources for additional supplies in 1975.

Copper Traders were unimpressed by the decision of the Intergovernmental Council of Copper Exporting Countries -- Chile, Zambia, Zaire, and Peru -- to trim exports 10%. Prices on the LME continue to fall. Several US producers dropped prices by 3 cents a pound and others are expected to follow. 25X1

* * * *

Note: Changes in Economic Indicators

Several changes in the economic indicators are introduced this week. The tables for Industrial Production, Domestic Prices, and Foreign Trade are now accompanied by charts showing the course of these series since the beginning of 1972. The charts are semilogarithmic, so that the steepening or flattening of a plotted line represents an increasing or decreasing rate of change of the underlying data. The index number at the end of each plotted line relates to the date of latest information, which is given in the table to the right of the chart.

The table on Retail Sales has been changed from a current-price to a constant-price basis. Large increases in retail prices have made the current-price series rise rapidly even where the physical volume of sales has been falling.

Because wages are an important element in the inflationary spiral as well as in international competitiveness, a table on Wages in Manufacturing (in money terms) has been added. Although coverage of the series differs from country to country, the wage data shed light on an important range of policy issues confronting each country.

* * * *

DEVELOPED COUNTRIES: MEAGER EXPANSIONARY EFFORTS

Reflation of the developed foreign economies so far has been more a matter of talk than of action. Governments still are in the throes of deciding on policy adjustments, which initially will be cautious and selective. A few smaller countries have embarked on expansionary programs, with small prospects for success unless their chief trading partners follow suit.

Extreme concern over inflation has induced most countries to hold back on expansionary measures despite growing pressures for action. But with production falling and unemployment mounting, various leaders are questioning the wisdom of current policy. Several governments fear reprisals from voters alienated by stiff anti-inflation programs, and all fear the collapse of businesses strapped by declining profits and tight credit.

Practically all the developed countries have kept a tight rein on the money supply; short-term interest rates are dropping only because of reduced demand for loans and the influx of oil money. Cautious fiscal moves recently announced in several countries will hardly result in early recovery of output. The United Kingdom, a vocal advocate of reflation elsewhere, has revised its budget in ways that will add little net stimulus to overall demand. West Germany continues to offer the political sop of minute outlays from its countercyclical funds and minor adjustments in central bank rates. Canada has announced the most substantial action, planning a more expansionary fiscal policy for the next two years.

As production continues to drop and unemployment mounts, political pressures will bring positive action to prevent further deterioration, some time in early 1975.

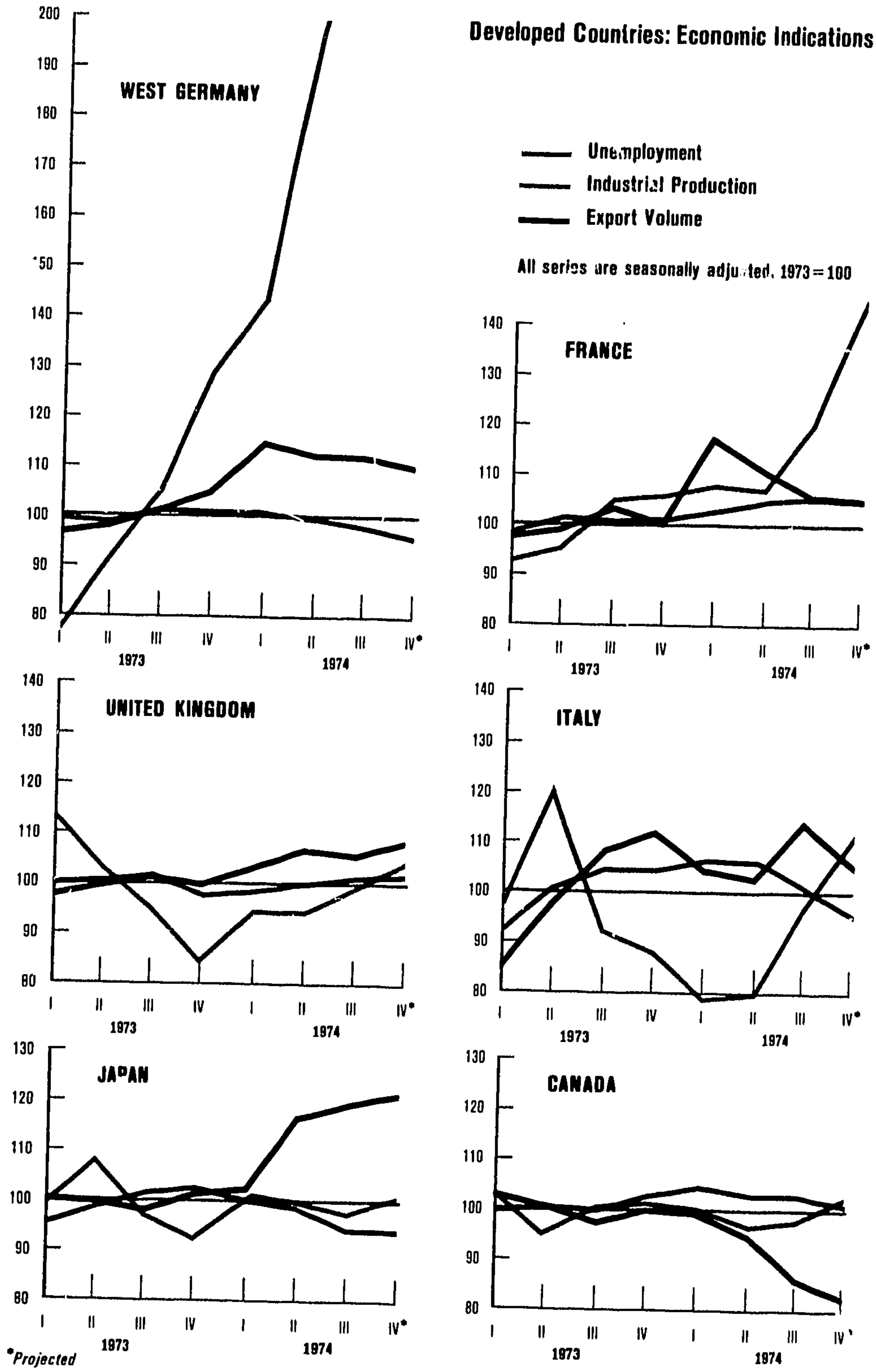
West Germany

The Schmidt government has done little so far to snap the economy out of its lethargy. In September, a month before state elections in Bavaria and Hesse, it announced a $380 million injection of countercyclical funds into regional investment projects. About $4 billion remains to be used. In response to international pressures, the Bundesbank in October lowered the discount and Lombard rates by one-half percentage point and increased available funds by $1 billion.

303

237

Developed Countries: Economic Indications



In adopting belt-loosening measures, Bonn feels constrained by a tax reform package -- long-scheduled to take effect this January -- that will add an estimated $6 billion annually to consumer purchasing power. This tax relief will help push the combined deficit of federal and local governments to $20 billion in 1975, compared with $13 billion in 1974 and $1 billion in 1973. Recent forecasts that unemployment will hit the 1 million mark (4%) this winter have enlivened intra-government debate on economic policy. In the end, Bonn probably will put together an antirecession program that looks larger than it actually is -- a tactic that all factions agree on.

France

Paris is now reconsidering the austerity program launched last June, which was aimed at depressing domestic demand in order to quell inflation and balance the trade account by the end of 1975. A weak political position has forced President Giscard to aim restrictive measures at business and investment instead of the consumer. Business will have to foot most of the bill for a new program guaranteeing a year's take-home pay for laid-off workers. Because production is leveling off and inflation has slowed to a 13% annual rate, Paris is likely to ease credit restraints soon while retaining the higher corporate tax rates.

United Kingdom

In its recent revised budget, London has assured that deficit spending will continue to offset the contractionary impact of increased outlays for oil imports. While adding little stimulus to overall demand, the budget brings a needed shift in resources from consumers to business. If employment continues to fall, Whitehall probably will follow up with more fiscal stimulus in the spring. Large inflows of oil money into Treasury bills and other government securities have permitted the Labor government to finance a huge budget deficit without printing money. Its continued ability to do so depends on the attractiveness of the London market -- a factor that inhibits the government's freedom to adjust monetary policy.

Italy

In spite of a prolonged political crisis and increasing resistance from powerful labor unions, Rome is forced to stand by its austerity program. The alternative is bankruptcy in the eyes of its foreign creditors and suppliers. Nonetheless, since Italy's current 15% credit ceiling -- a condition attached to an IMF loan -- expires in March, the government would have ample time to ease its monetary policy slightly before June regional elections. Bureaucratic tie-ups make limits on government spending difficult to enforce. Escalating political problems and wage demands will increase the temptation to shift to a more expansionary posture.

are difficult to enforce. Escalating political problems and wage demands will increase the temptation to shift to a more expansionary posture.

Japan

Despite a sharp deterioration in economic activity, restrictive policies probably will be maintained for several more months. The primary short-term goal is to halve the 30% pay hikes labor intends to garner next spring. In the meantime, Tokyo is cautiously trying to bail out a few hard-pressed firms and is considering an expansion of the unemployment benefits. Tanaka's resignation could lead to a loosening of economic policy. Of the two leading contenders for his position, Finance Minister Ohira and former Finance Minister Fukuda, the latter would be more inclined to maintain present policies.

Canada

Canada is trying to loosen up on fiscal policy, which has been unexpectedly contractionary because inflation has boosted government receipts. Ottawa plans to run a budget deficit of $350 million in the second half of FY 1975 and a $1 billion deficit in FY 1976. The government also intends to provide substantial relief to low-income consumers. This fiscal stimulus may be offset by a sharp rise in the current account deficit.

Monetary policy is also expected to ease. A small decline in short-term interest rates since midyear reflects softer demand for loans and a drop in US rates.

Other Countries

Among the smaller industrial countries, Australia and the Netherlands have adopted the most expansionary programs. The Whitlam government has cut taxes, reduced interest rates on Treasury notes, and eased restrictions on foreign borrowing. The new Dutch budget will boost public spending enough to provide jobs for one-third of the unemployed and will reduce taxes on lower-income groups and small businessmen.

Other countries are considering milder reflation measures. Belgium has relaxed credit ceilings. Spain intends to increase public spending and tax incentives for private investment, at the same time imposing price controls and import quotas.

The new Greek government under Karamanlis is expected to confirm the cautious reflationary policy chosen by the military junta before its ouster.

Several countries will oppose a drift toward reflation. The Danes, Swiss, Austrians, and Irish still appear to emphasize control of inflation and trade deficits. Worried about the impact of an oil boom, the Norwegians are considering a shift to tighter monetary and fiscal policies. 25X1

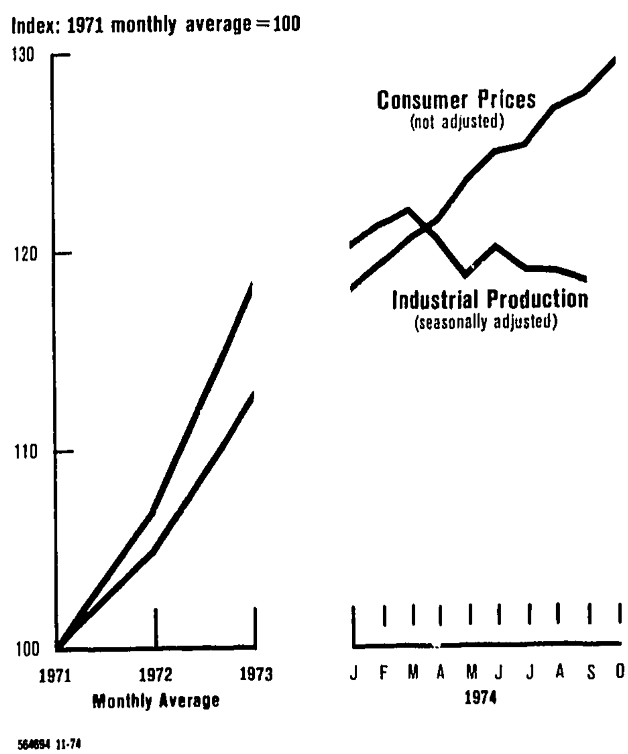
* * * *

CANADA: ECONOMIC SLOWDOWN ARRIVES

The worldwide economic downturn has caught up with Canada. After growing at an annual rate of 5-1/2% in the first half–the highest for any developed country–Canadian GNP will register only a small gain in the current half. Growth will be far below normal in 1975, given the poor prospects for the US economy.

Domestic demand began to lose momentum in the second quarter and weakened further in the third. Despite record wage hikes, growth in real household spending has slackened because of tight consumer credit, shortened work hours, and the 11-1/2% inflation rate. The investment boom has fallen victim to high interest rates, rising construction costs, and uncertain business prospects. Housing starts are running 30% below the first-half average, and new machinery orders are down in real terms.

CANADA: Production Down; Prices Up



The sharp decline in US demand, which absorbs about half of Canadian goods output, is a prime reason for the 2% drop in industrial production since June. Overall export volume, seasonally adjusted, fell 4% in the second quarter and 9% in the third quarter–the steepest decline in any industrial country. Further cuts in production are likely, over the next few months, since the ratio of manufacturers' inventories to sales is at a two-year high.

The unemployment rate of 5-1/2%, still slightly below the 1973 average, promises to rise in the months ahead. The important auto industry is already planning layoffs because of sagging US purchases. Unions nonetheless continue to push large wage demands, with recent settlements calling for 14% hikes, compared with 10% gains earlier this year. Growing wage costs will give another push to inflation because labor productivity probably will stagnate in the current half year.

Expansionary features of the revised budget, recently proposed for the year ending 31 March 1975, should bring only a small gain in Canadian output in 1975. Recovery to the long-term growth rate of 5-1/2% depends on a strong recovery in US demand for Canadian goods. 25X1

* * * *

25X6

25X6

Page Denied

Approved For Release 2009/09/29 : CIA-RDP85T00875R001500150051-0

25X6

WORLD AUTO INDUSTRY ON DOWNGRADE

The world automobile industry, faced with rising production costs and shrinking demand, is heading for the sharpest contraction since the 1930s. Even when the major industrial countries recover from the global economic slowdown, the industry in the developed nations will not regain its proud position as a key growth sector.

So far in 1974, automakers have seen sales around the world drop by 20%, with the decline currently approaching 40%. Orders for trucks – which had been a bright spot – have begun to plummet because of decreased capital spending.

- ***West Germany***: One-third to one-half of the auto workers have been laid off or have been placed on short time.

- ***Italy***: Fiat has put 71,000 workers on a three-day week for the next four months.

Approved For Release 2009/09/29 : CIA-RDP85T00875R001500150051-0

- *France*: Some firms such as Citroen, which lost $82 million in the first half of 1974, have merged or sought alliances with other firms; large layoffs are in sight in a few weeks.

- *United Kingdom*: Although British automakers have succeeded in recapturing the home market, internal economic retrenchment will force down future demand.

- *Japan*: With their "lifetime" labor force, Japanese manufacturers have tried to offset declining world sales by shifting production workers into clerical and sales jobs and are even thinking of marketing refrigerators and other appliances through their dealer network.

Share of World Motor Vehicle Production
1973

	Percent
United States	33
Canada	4
Japan	18
EC	31
Communist countries	6
Other	8

Over the long term, demand for autos will grow fastest in the LDCs, notably in Latin America. The larger developing nations are rapidly expanding their own automobile industries and are beginning to take over the markets in other developing countries. This growth in LDC manufacturing centers, together with expansion of Communist automaking capacity and the reassessment of the automobile's role in the developed nations, will speed a restructuring of the industry worldwide. 25X1

25X1

* * * *

SOUTH ASIAN GRAIN SITUATION: POOR PROSPECTS

The four major grain importing countries of South Asia -- India, Bangladesh, Pakistan, and Sri Lanka -- face at least another year of serious shortages. These countries have arranged for imports of about 9 million tons of grain in FY 1975, and we expect them to seek at least an additional 2 million tons. Practically all of the grain supplies in FY 1975 will be consumed, leaving little to rebuild the depleted stocks. All four countries will be extremely vulnerable to adverse weather during the first half of 1975.

India

The major grain harvest -- normally two-thirds of annual grain production -- is now under way. Because the summer rains were below normal, a harvest of 58 million to 60 million tons is projected for the current crop year, compared with 67 million tons last year. New Delhi has already arranged grain imports of nearly 6 million tons for FY 1975 and is expected to seek another million tons or more. The augmented level of imports is believed sufficient to maintain government distribution in urban areas. Grain reserves, however, will be practically depleted.

Even with favorable weather, India will need further grain imports early in FY 1976. Requirements could increase sharply if poor weather again retards the winter grain crops -- harvested in April and May -- as it did last year. Fertilizer consumption, which proved to be a key element in raising grain output in the last decade, is expected to remain at about the level of the past two years.

Bangladesh

The major rice harvest now under way normally provides 60% of annual grain production. This harvest is estimated at 7 million tons, slightly above last year's 6.8 million tons, thanks to the heavy rains of last summer. Bangladesh depends on annual grain imports of about 2 million tons, largely for urban distribution. Dacca has arranged 1.4 million tons of imports for FY 1975; acquisition of the balance is contingent on additional foreign aid.

Pakistan

While the current rice and coarse grain harvest -- 30% of annual grain production -- is down slightly from last year because of a poor summer monsoon, rice exports of nearly 500,000 tons probably will be maintained. Concern is being voiced over water supplies for irrigation of the winter wheat crop harvested in April and May because rivers and reservoirs are far below normal for this season. Favorable rains between now and February could alleviate this situation. Nonetheless, anticipating difficulties, Islamabad recently redefined its FY 1975 wheat import requirement from 1.14 million to 1.5 million tons in hopes of securing additional food aid. Pakistan has arranged 650,000 tons of wheat imports for FY 1975. We expect aid and commercial purchases to total about 1.2 million tons – short of government targets but adequate for FY 1975 needs.

Sri Lanka

The major rice harvest – two-thirds of annual grain production -- begins in February and is dependent on rains from the northeast monsoon during November-February. The government hopes for a repeat of last year's record harvest of 750,000 tons, which would permit 1975 grain imports to be reduced by 100,000 tons from the 850,000 tons of 1974. Colombo so far has arranged for 550,000 tons for 1975.

25X1

* * * *

USSR: BLUE-CHIP FINANCIAL STATUS

The international financial position of the USSR has been strongly buttressed by developments in the commodity and gold markets this year.

- The turnaround in Soviet terms of trade, brought on by higher prices for oil and other raw materials, will result in a sizable hard currency trade surplus this year and almost certainly next.

- Moscow continues to profit from higher gold prices; gold sales may earn $850 million this year.

- Financial reserves, chiefly gold, continue to rise; by yearend they may reach $12 billion.

Moscow now enjoys what is for it an unprecedented flexibility in trade matters, much of which is attributable to its new policy toward gold. In the past, gold was sold chiefly to offset payments deficits. This year, however, Moscow has been selling gold to take advantage of high prices. Moscow has sold increased quantities during periods of rising prices and has backed out of the market when prices fell. For example, during the first three months of 1974, when prices rose from $120 to more than $170 per troy ounce, the USSR sold about 60 tons of gold worth nearly $300 million. Thereafter, as the price fell, Soviet sales also declined, averaging about 6 tons per month through August. When prices began to rise sharply in the last half of October, Moscow was back selling heavily.

Although the USSR continues to solicit and obtain subsidized credits from Western governments, it now has the ability to pay cash to quickly wrap up priority deals. The recent $100 million cash contract for 700 International Harvestor tractors, needed for construction of the alternative trans-Siberian route, illustrates this flexiblity. Also, Moscow can afford to buy large quantities of basic commodities – which normally call for cash payment – even at record prices. Since the beginning of October, the USSR has contracted for $900 million in grain for delivery through September 1975. [redacted] Moscow has recently picked up $500 million to $600 million worth of sugar on the world market. 25X1

Encouraged by its new-found strength, the USSR has begun to assert itself in international financial markets.

- Moscow has been a highly visible participant in more than 30 Eurodollar consortium loans this year, including the $1.5 billion loan to France in which Vneshtorgbank itself participated.

- The USSR has applied for a $100 million untied Eurodollar loan for itself, perhaps testing the water for future loans.

- Moscow has established two new banks in the West in 1974. It now has seven banks and two branches actively operating in major Western financial centers and continues to investigate the possibilities for expanding its network.

The USSR has also become a more active participant in international forums. For example, a Soviet expert recently addressed a commodity exchange group in New York on the merits of trading in gold. Reflecting Moscow's apparent vested interest in Western monetary stability, the Soviet press frequently offers unsolicited advice on the role of gold in international monetary arrangements – preferably at a high price. [redacted] 25X1

* * * *

Notes

Sugar Producers Hold Conclave

Latin American and Caribbean producers, the source of nearly one-half of the sugar traded on the world market, are meeting in Mexico. They are searching for production and marketing policies that will prevent sugar prices from falling below profitable levels, presumably 20 cents a pound. Joint strategy for the International Sugar Council meeting to be held in London next month also will be on the agenda. [redacted] 25X1

Canton Fair: US Purchases Up

In contrast to the decline in overall attendance and business at the 1974 Fall Canton Fair, a record 300 US traders visited the fair and signed contracts worth about $40 million. US purchases of $39 million were double the level of the 1974 spring fair and matched the total of last fall. While US sales declined to less than $1 million from about $2 million at the spring fair, US firms held discussions in Canton and later in Peking that could lead to Chinese purchases. Facing lower world demand for their traditional exports, the Chinese were more vocal than at previous fairs about the adverse effects of lack of MFN status. [redacted] 25X1

25X1 [redacted]

West European Nuclear Sales to Iran

The first nuclear powerplants to be built in the Middle East will be supplied by West European firms. Iran has firmed up orders for two of the five power reactors it had agreed to buy from Framatome (France) earlier this year and has made arrangements to purchase two larger units from Kraftwerk Union (West Germany). The four plants, valued at about $1.5 billion, are to be phased into service beginning in 1980 and will give Iran 4,200 megawatts of nuclear capacity by 1983, almost 1-1/2 times its present conventional capacity. The new capacity will be used for desalinization, as well as for power generation. Westinghouse had been believed to be the front runner in bidding for Iran's first nuclear powerplants.

25X1 [redacted]

Publication of Interest*

Record Soviet-LDC Trade in 1973 25X1
(ER IR 74-29, November 1974, [redacted]

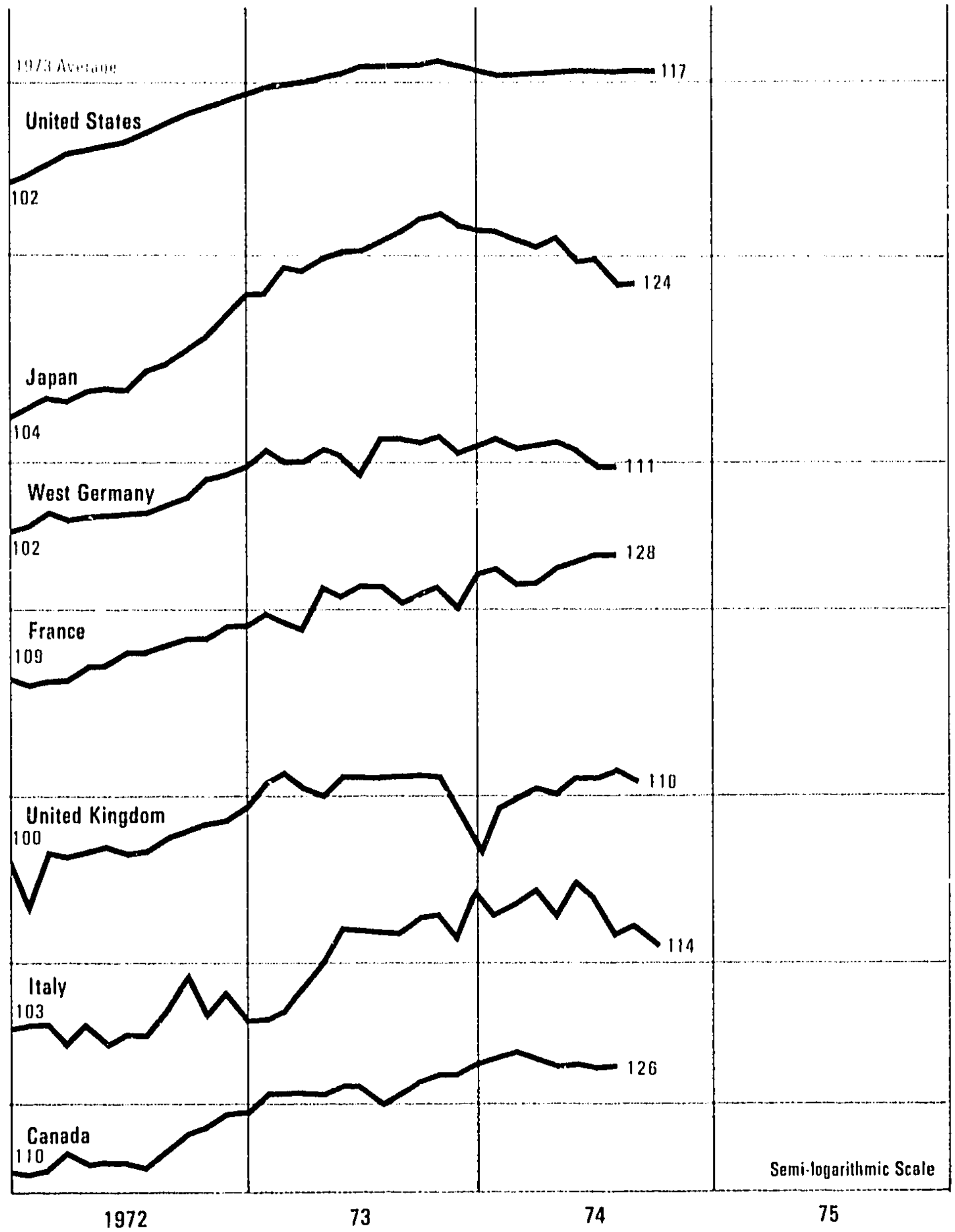
This report discusses the record increase in Soviet trade with LDCs in 1973, the role of military and economic aid deliveries in this trade, and changes in commodity composition.

[redacted]

25X1

INDUSTRIAL PRODUCTION [1]

1970=100



	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier [2]
United States	Oct 74	-0.6	3.8	-1.7	-1.6
Japan	Sep 74	0.2	5.2	-6.9	-13.5
West Germany	Aug 74	0	2.5	-3.8	-7.9
France	Aug 74	0	6.2	4.1	11.2
United Kingdom	Sep 74	-1.8	2.2	-1.6	4.1
Italy	Oct 74	-2.8	3.2	-5.2	-17.0
Canada	Aug 74	0.4	5.8	5.3	-3.6

GNP [1]

Constant Market Prices

	Latest Quarter	Percent Change from Previous Quarter	Average Annual Growth Rate Since 1970	1 Year Earlier	Previous Quarter
United States	74 III	-0.5	3.2	-2.2	-2.1
Japan	74 II	0.6	5.7	-3.3	2.4
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	5.8	6.0	7.0
United Kingdom	74 III	1.0	2.7	0.6	4.2
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 II	0	5.7	4.9	0

RETAIL SALES [1]

Constant Prices

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier [2]
United States	Oct 74	-1.3	2.3	-5.7	-4.7
Japan	Jun 74	1.7	1.8	-8.3	-5.8
West Germany	Jul 74	5.7	2.8	0	-7.0
France	Jun 74	-6.7	-0.8	-1.0	-8.9
United Kingdom	Jul 74	1.8	2.6	-0.9	-7.0
Italy	Apr 74	0.4	10.5	13.9	19.9
Canada	Jul 74	-0.6	1.7	-3.9	2.1

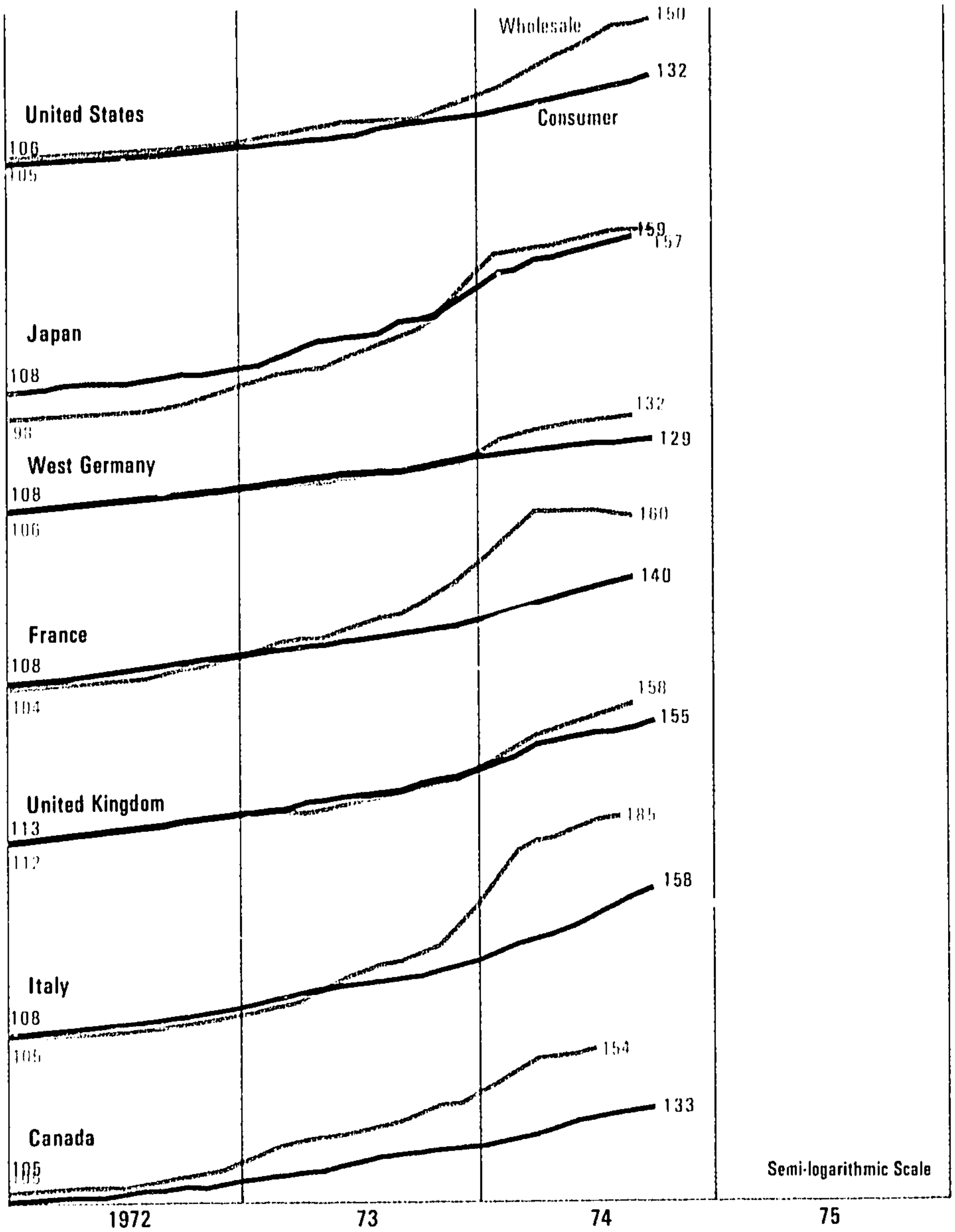
Office of Economic Research/CIA
27 November 1974

Note: US data provided by US government agencies

Footnotes appear on page A-4.

DOMESTIC PRICES[3]

1970=100



Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier
Oct 74	1.2	9.9	28.2	19.0
Oct 74	0.9	6.6	12.2	13.9
Oct 74	0.4	11.0	28.7	6.5
Sep 74	1.6	11.7	23.8	19.1
Sep 74	0.2	6.8	14.6	6.9
Oct 74	0.5	6.1	7.1	4.1
Sep 74	1.0	11.8	27.9	7.1
Sep 74	1.1	8.3	14.7	13.3
Sep 74	1.5	11.5	25.7	19.5
Oct 74	2.0	10.7	17.1	13.4
Aug 74	0.5	16.1	45.9	23.5
Oct 74	2.1	11.2	25.7	33.9
Jul 74	2.0	11.2	24.6	12.2
Oct 74	0.9	6.8	11.6	10.4

MONEY SUPPLY[1]

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier [2]
United States	Oct 74	0.4	5.8	5.7	2.2
Japan	Jul 74	-0.2	17.5	13.8	20.2
West Germany	Aug 74	1.0	9.2	9.6	13.8
France	Jun 74	1.4	12.6	8.7	16.2
United Kingdom	Oct 74	1.5	8.5	5.3	8.5
Italy	Jan 74	1.1	20.6	20.7	17.1
Canada	Sep 74	-0.7	11.8	6.6	-6.1

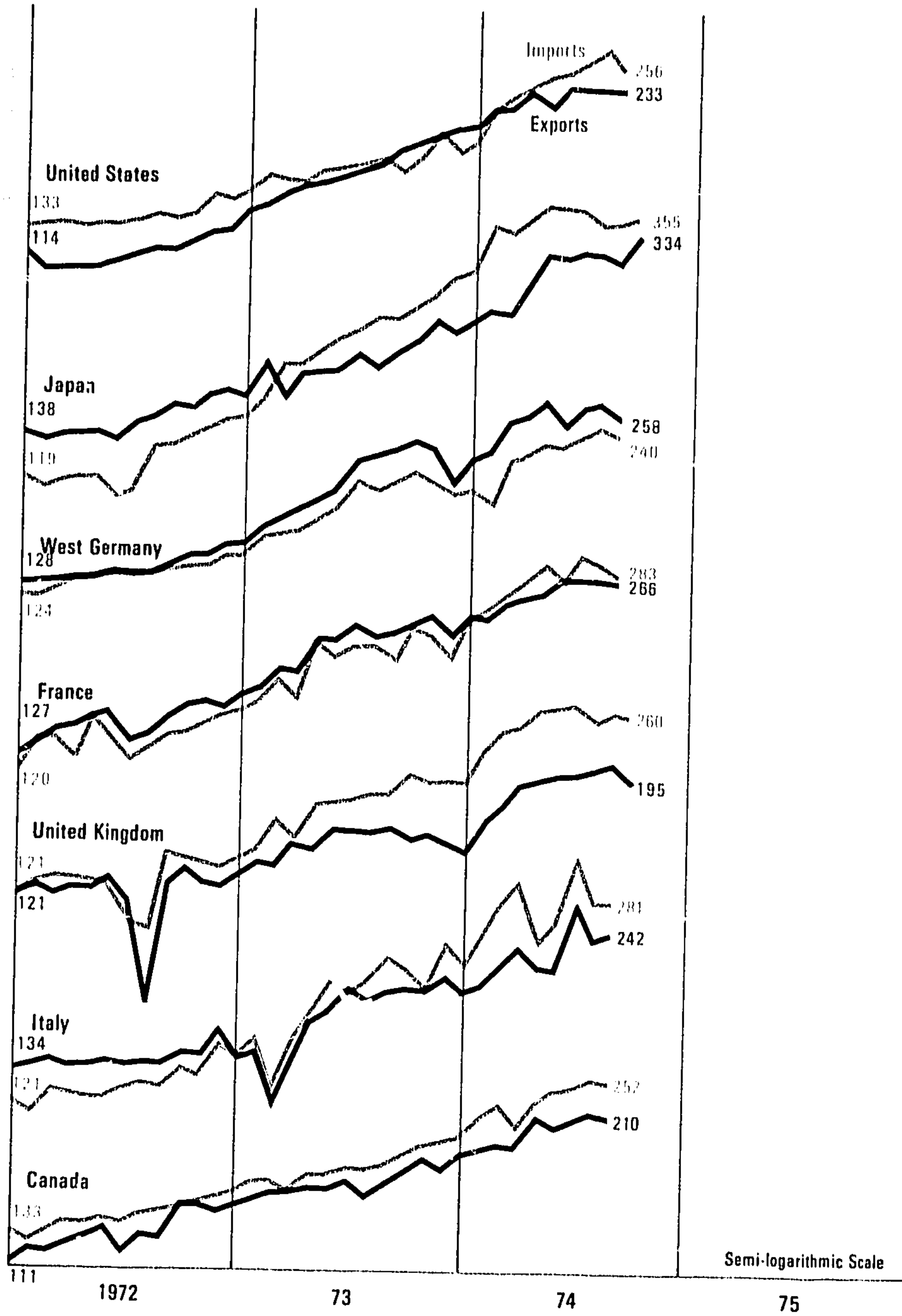
WAGES IN MANUFACTURING[1,4]

	Latest Month	Percent Change from Previous Period	Average Annual Growth Rate Since: 1970	1 Year Earlier	3 Months Earlier [2]
United States	Sep 74	1.1	7.1	10.0	13.4
Japan	Aug 74	-2.1	22.8	39.7	59.8
West Germany	74 II	3.1	11.4	12.7	13.1
France	74 III	6.0	13.8	20.5	26.4
United Kingdom	Aug 74	6.4	14.1	15.6	31.4
Italy	Aug 74	3.0	17.9	20.7	25.7
Canada	Jun 74	1.4	9.6	12.8	17.3

Approved For Release 2009/09/29 : CIA-RDP85T00875R001500150051-0

FOREIGN TRADE[1]

1970=100 (f.o.b./f.o.b.)



	Latest Month	Latest Month	Cumulative (Million US $)		
		Million US $	1974	1973	Change
United States	Sep 74	8,286	71,575	50,428	41.9%
		8,520	73,922	50,491	46.4
	Balance	-233	-2,347	-63	-2,284
Japan	Oct 74	5,276	44,275	29,169	51.8%
		4,437	43,897	25,799	[illegible]
	Balance	839	378	3,370	-2,993
West Germany	Sep 74	7,375	65,956	48,941	34.8%
		5,620	48,013	37,318	28.7
	Balance	1,755	17,943	11,623	6,320
France	Sep 74	4,007	34,305	26,950	27.3%
		4,221	37,397	25,709	[illegible]
	Balance	-214	-3,092	1,241	-4,333
United Kingdom	Oct 74	3,081	29,693	23,219	27.9%
		4,105	39,709	27,622	[illegible]
	Balance	-1,023	-10,016	-4,403	-5,613
Italy	Sep 74	2,664	21,924	15,774	39.0%
		3,138	27,488	17,616	[illegible]
	Balance	-474	-5,564	-1,843	-3,721
Canada	Sep 74	2,808	24,037	18,445	30.3%
		2,799	23,389	16,863	[illegible]
	Balance	9	648	1,582	-934

BASIC BALANCE[5]

Current and Long-Term-Capital Transactions

	Latest Period	Latest Period	Cumulative (Million US $)		
		Million US $	1974	1973	Change
United States[1]	74 II	-2,740	·954	-2,164	1,210
Japan	Oct 74	405	-8,664	-6,978	-1,686
West Germany	Sep 74	503	5,058	6,774	-1,716
France	73 IV	·475	N.A.	-2,472	N.A.
United Kingdom	74 II	-1,297	-2,951	-868	-2,083
Italy	74 I	- 2,037	- 2,037	- 872	-1,164
Canada	74 II	-445	-613	-6	-608

OFFICIAL RESERVES

	Latest Month		Billion US $		
	End of	Billion US $	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	15.9	14.5	12.9	14.9
Japan	Oct 74	13.5	4.1	14.0	13.2
West Germany	Oct 74	33.7	8.8	35.0	33.9
France	Sep 74	8.5	4.4	11.2	8.2
United Kingdom	Oct 74	7.5	2.6	6.8	6.7
Italy	Sep 74	7.6	4.7	6.5	5.3
Canada	Oct 74	5.8	4.3	5.9	6.0

Approved For Release 2009/09/29 : CIA-RDP85T00875R001500150051-0

MONEY-MARKET RATES

	Representative Rates	Latest Date		1 Year Earlier	3 Months Earlier	1 Month Earlier
			Percent Rate of Interest			
United States	Dealer-placed finance paper	Nov 13	9.00	8.25	11.85	9.56
Japan	Call money	Nov 1	12.50	8.75	13.50	12.50
West Germany	Interbank loans (3 months)	Nov 13	9.04	13.85	9.46	9.60
France	Call money	Oct 11	13.13	11.13	14.00	13.75
United Kingdom	Sterling interbank loans(3 months)	Nov 13	11.51	12.80	12.66	11.83
Canada	Finance paper	Nov 13	10.48	9.10	11.63	11.03
Eurodollars	Three-month deposits	Nov 13	9.90	9.58	13.51	11.04

EXPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	0.7	12.8	29.9	30.7
Japan	Oct 74	-0.1	10.7	36.8	14.9
West Germany	Aug 74	2.0	5.8	22.6	24.8
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Jul 74	1.6	13.6	33.2	29.6
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.4	38.3	13.5

IMPORT PRICES

National Currency

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	-0.2	19.4	54.3	22.0
Japan	Sep 74	-0.5	16.8	75.6	4.3
West Germany	Aug 74	3.1	7.5	35.3	23.0
France	Jun 74	0	15.6	61.5	37.0
United Kingdom	Jul 74	0.5	21.3	55.9	18.3
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	1.8	11.6	32.5	39.7

EXPORT PRICES

US $

	Latest Month	Percent Change from Previous Month	Average Annual Growth Rate Since 1970	1 Year Earlier	3 Months Earlier
United States	Sep 74	0.7	12.8	29.9	30.7
Japan	Oct 74	-0.1	15.6	21.5	-4.1
West Germany	Aug 74	-0.7	14.8	13.3	-3.0
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Jul 74	1.5	13.5	25.1	29.5
Italy	Jul 74	4.8	14.6	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

EXCHANGE RATES

Spot Rate
As of 22 Nov 1974

	US $ Per Unit	Percent Change from Dec 66	18 Dec 71	19 Mar 73	15 Nov 74
Japan (yen)	0.0033	20.84	2.68	-12.33	0.03
West Germany (Deutsche mark)	0.4032	60.38	29.94	13.87	0.42
France (franc)	0.2136	5.79	8.48	-3.09	0.09
United Kingdom (pound sterling)	2.3200	-16.86	-10.96	-5.73	0.30
Italy (lira)	0.0015	-6.50	-12.97	-15.42	-0.53
Canada (dollar)	1.0118	9.69	1.40	-1.41	-0.01

TRADE-WEIGHTED EXCHANGE RATES[6]

As of 22 Nov 1974

	Percent Change from Dec 66	18 Dec 71	19 Mar 73	15 Nov 74
United States	-15.02	-5.70	0.91	-0.12
Japan	12.07	-1.45	-13.26	-0.04
West Germany	33.95	16.77	11.68	0.16
France	-18.06	-4.61	-7.07	-0.11
United Kingdom	-37.52	-23.12	-8.61	0.07
Italy	-30.68	-29.24	-22.23	-0.84
Canada	7.11	0.53	2.17	-0.06

FOOTNOTES FOR WEEKLY INDICATORS

1. Seasonally adjusted.
2. Average for latest 3 months compared with average for previous 3 months.
3. Wholesale price indexes cover industrial goods.
4. Hourly earnings for the United States, Japan, and Canada; hourly wage rates for others. West German and French data are for the beginning of the quarter.
5. Converted to US dollars at the current market rates of exchange.
6. Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.